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T H E B E E F C A T T L E S I T U A T I O N  
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Although prices of practically all grades of slaughter cattle are expected to average higher in 1937 than in 1936, the immediate price outlook is somewhat uncertain. Prices of better grades of slaughter cattle have advanced steadily since June 1936. They were higher in late March and early April than in the spring of 1935, and the highest since 1930. Nevertheless, the continued shortage of grain-fed cattle in prospect probably will result in higher prices for the better grades of slaughter cattle in the late summer and early fall than in the early spring of this year.

A seasonal decline in prices of the lower grades may be expected to begin in late spring and early summer. The decline this year is likely to be somewhat less than usual, however, because of the relatively strong consumer demand for meats and the increase in demand for replacement stock which is likely to occur if feed crop conditions are normal this summer.

Slaughter supplies of cattle may continue to be relatively large until pastures become an important factor in the feed situation in late May or June. For the year as a whole, the inspected slaughter of cattle probably will be somewhat smaller than that of 1936, but considerably larger than the 10-year 1924-33 average. The decrease in cattle slaughter during the remainder of the year from that of last year will be most pronounced in supplies of grain-fed cattle. The number of cattle on feed in the Corn Belt States on April 1 was estimated to be 33 percent smaller than a year earlier and the smallest for that date in many years.

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## REVIEW OF RECENT DEVELOPMENTS

BACKGROUND - Prices of most grades of slaughter cattle declined in the first half of 1936 but in the second half of the year they recovered most of their previous decline. Prices of practically all grades were higher in January and February 1937 than a year earlier. Improvement in the general business situation and in the consumer demand for meats apparently was responsible in large part for the rise in prices in the latter half of 1936.

Cattle prices advance further in March

During the first 3 months of this year prices of all classes and grades of slaughter cattle, with the exception of veal calves, advanced. Because of the marked decrease in slaughter supplies of well-finished cattle price increases were relatively greater for the better grades than for the lower grades. In March, short-fed, light weight and medium weight cattle comprised the bulk of slaughter supplies.

Prices of heavy steers at Chicago reached a top of \$16.25 per 100 pounds in late March. This was the highest price paid in March in 9 years, and was equal to the high point of the 1935 advance reached in May of that year. About mid-April this year the Chicago top price reached \$16.60. Prices of choice and prime grade slaughter steers averaged \$14.25 for March, compared with \$13.50 a month earlier and \$10.81 a year earlier. This was nearly a dollar higher than in March 1935, and the highest average for March since 1930.

Prices of other grades of slaughter steers at Chicago also were higher in March than a month earlier and a year earlier; but compared with 1935 prices of medium and common grade steers were somewhat lower. The spread between prices of the choice and prime grade and those of the common grade slaughter steers at Chicago has increased sharply in recent months. In March, this spread amounted to \$6.90, which was about \$3 greater than a year earlier and more than \$1 greater than in March 1935.

Prices of cows and heifers also advanced during March. Prices of veal calves, however, after declining sharply in late January and February, fluctuated near the \$9 level. Slaughter supplies of calves were of record proportions in the first 3 months of 1937.

Slaughter supplies continue at high level

Slaughter supplies of cattle and calves increased sharply in March. The number of cattle slaughtered under Federal inspection, totaling 825,000 head, was 17 percent larger than that of a month earlier, 8 percent larger than that of a year earlier, and 22 percent larger than the 1924-33 average for March. It was the second largest for the month on record, being exceeded only in 1918. Inspected slaughter of calves, totaling 592,000 head, was the largest for March on record.

For the first quarter of this year, the number of cattle slaughtered under Federal inspection totaled 2,401,000 head, slightly less than a year earlier, but 18 percent more than the average for the 10 years, 1924-33. The 1,513,000 calves slaughtered, a record for this period, exceeded the number slaughtered in the first 3 months of 1936 by 12 percent and the 10-year average by 32 percent.

The large slaughter of cattle and calves in the first quarter of this year probably was due in considerable part to the continued scarcity and high prices of feed. Stocks of corn on farms April 1 were estimated at 412,000,000 bushels, only half as large as those of a year earlier. In the Eastern Corn Belt States the supply of corn on farms was about 47 percent as large as that of a year earlier, while in the Western Corn Belt States the supply was only 28 percent as large as that on April 1, 1936. Cold weather in March retarded the growth of pastures and thus increased the severity of the feed shortage, particularly in areas hardest hit by drought last year.

#### Much smaller number of cattle on feed

The number of cattle on feed for market in the 11 Corn Belt States on January 1 was approximately 23 percent smaller than a year earlier. On April 1, the number was estimated to be about 400,000 head or 33 percent smaller than on the same date in 1936, somewhat smaller than on April 1, 1935, and the smallest for April 1 in many years. Reductions from last year were recorded for all States in the Corn Belt, except Michigan, but were greatest in the Western portion of the region where the effects of the 1936 drought were most severe. In the Eastern Corn Belt, the number on feed April 1, although smaller than a year earlier, was not greatly different from the average of the last 5 years, and represented the largest proportion of the Corn Belt total in many years.

In some of the Western States, where the number of cattle on feed January 1 was larger than a year earlier, marketings were indicated to have been heavier during the first 3 months of 1937 than in 1936, and the number remaining on feed April 1 probably was little different from that of a year earlier. The sharp advances in prices of corn and other concentrated feeds in recent weeks apparently caused the rate of marketings of cattle on feed in all areas to be greater than it would have been if feed prices had not advanced and supplies of feeds had been more readily available.

#### Spring range prospects improved by moisture

Spring range prospects were improved by moisture during March, according to the April 1 Western Livestock and Range Report of this Bureau. Nevertheless, there is a short supply of feed on most western ranges and new grass will be late. Considerable supplemental feeding was necessary in northern areas during March. Livestock are reported in fair to good condition, and losses have been generally light.



Texas has good spring feed prospects, with ample moisture in most sections. The supply of grass-fat cattle for the late spring and early summer market from that State is likely to be fairly large. In California, a severe winter and a late start of spring pastures in northern sections have delayed the development of grass-fat cattle, and the supply of such cattle probably will be late and relatively small. Many grass cattle in California are likely to require supplemental feed for finishing.

#### OUTLOOK

##### Immediate price outlook somewhat uncertain

A continuation of the present relatively strong demand situation is anticipated for the next few months, and it is likely that the year as a whole will show substantial gains over 1936 in national income and in payments by packers for cattle and calves slaughtered. Because of this, and the probability that the number of cattle slaughtered will be somewhat smaller than in 1936, prices of practically all grades of slaughter cattle are expected to average higher than in 1936, and may be higher than in 1935.

Prices of the better grades of slaughter cattle have advanced steadily since last June. The movement of prices of such cattle from January to mid-April this year was somewhat similar to that of the corresponding period of 1935 when a similar feeding situation existed. In the late spring and early summer of 1935, however, some decline in the prices of the better grades of cattle occurred. It does not seem likely that a recession in prices this year, should it occur, will be as large as that in 1935, but the immediate price outlook for these kinds of cattle is somewhat uncertain. With small marketings of grain-fed cattle in prospect for the remainder of 1937, especially in the last 6 months of the year, it is probable that prices of the better grades during late summer and early fall will be higher than in early spring of this year.

A seasonal decline in prices of the lower grades of slaughter cattle may be expected in the late spring and early summer when grass-fat cattle begin to move to market in volume. This decline, however may be less than average because of the relatively strong consumer demand for meats and the increase in demand for replacement cattle which is likely to develop if feed crop conditions are about normal.

##### Slaughter supplies likely to continue large

Slaughter supplies of cattle and calves are expected to continue large in relation to those of last year until pastures become an important factor in the feed situation in late May or June. Because of the probable continuation of relatively high cattle prices, there is likely to be a considerable demand for replacement stock and for feeder cattle this summer and fall. Hence, the seasonal increase in cattle slaughter which usually occurs during this period probably will not be as great as that in the corresponding period of 1936, when drought conditions forced the marketings of many cattle which otherwise would have been retained on farms.

Reports from a large number of Corn Belt feeders as to the months in which they expect to market cattle which were on feed April 1 indicate that the proportion to be marketed during the 3 months April to June this year probably will be larger than the proportion in any other recent year. If the marketing plans are carried out as reported, the supply of fed cattle for market after July 1 will be relatively much smaller than the supply during the first half of the year, and perhaps no more than half as large as the supply of fed cattle marketed from July to December 1936.

For the year as a whole, the inspected slaughter of cattle probably will be smaller than in 1936, but considerably larger than average for the 10 years, 1924-33. Compared with 1936, the greater part of the decrease in cattle slaughter will come during the second half of the year. Inspected calf slaughter, which has been running at record high levels, is likely to decrease seasonally from now until mid-summer. Whether or not such slaughter will continue above the 1936 level will depend largely on pasture and range conditions and the prospects for feed crops this spring and summer.

Price per 100 pounds of cattle and calves, March 1937 with  
comparisons

Classification	: Mar. : average: : 1924-33:	: Mar. : 1935	: Mar. : 1936	: Jan. : 1937	: Feb. : 1937	: Mar. : 1937
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Beef steers sold out of first hands at Chicago:						
Choice and prime .....	11.32	13.45	10.81	13.12	13.50	14.25
Good .....	10.34	11.43	9.31	10.88	10.90	11.51
Medium .....	9.23	9.43	7.93	8.95	8.70	9.12
Common .....	8.10	7.82	6.99	7.28	7.10	7.35
All grades .....	9.63	10.77	8.65	10.69	10.22	10.79
Cows, Chicago:						
Good .....	---	8.29	6.20	6.43	6.47	7.14
Low cutter and cutter....	4.19	3.86	4.10	4.22	4.09	4.55
Vealers, Chicago:						
Good and choice.....	10.53	8.35	8.70	11.10	9.42	9.01
Stocker and feeder steers,						
Kansas City:						
500-800 pounds, good and choice .....	---	7.54	7.64	7.14	7.25	7.74
800-1050 pounds, good and choice .....	---	8.25	7.43	7.62	7.38	8.09
Average price paid by packers:						
Cattle .....	7.79	7.16	6.52	7.13	7.23	
Calves .....	9.46	7.22	7.36	8.07	7.68	

## Slaughter and market supplies of cattle and calves, specified periods

Item	Unit	Mar. average 1924-33	Mar. 1936	Jan. 1937	Feb. 1937	Mar. 1937
Inspected slaughter <u>1/</u>						
Cattle .....	thousands	675	763	867	708	825
Calves .....	"	420	483	484	437	592
Beef steers sold out of first hands:						
Choice and prime .....	"	5	4	19	9	6
Good .....	"	28	25	20	20	32
Medium .....	"	42	29	21	25	27
Common .....	"	12	6	9	6	4
All grades .....	"	87	64	69	60	69
Receipts of cattle at seven markets <u>2/</u> .....	"	3/572	604	601	453	576
		Feb. average 1924-33	Feb. 1936	Dec. 1936	Jan. 1937	Feb. 1937
Inspected slaughter:						
Cows and heifers .....	thousands	295	367	575	470	362
Steers .....	"	309	346	384	366	325
Average live weight:						
Cattle .....	pound	966	915	916	916	912
Calves .....	"	167	191	208	196	176
Average dressed weight:						
Cattle .....	"	527	486	475	483	484
Calves .....	"	97	108	115	111	101
Total dressed weight:						
Cattle .....	million lb.	325	359	465	416	341
Calves .....	" "	34	44	57	53	44
Imports:						
Cattle <u>4/</u> .....	thousands	13	28	13	51	44
Canned beef <u>5/</u> .....	1,000 lb.	1,718	7,218	1,764	1,174	3,511

1/ Bureau of Animal Industry.

2/ Chicago, Kansas City, Omaha, East St. Louis, St. Joseph, Sioux City, and St. Paul.

3/ Average 1929-33.

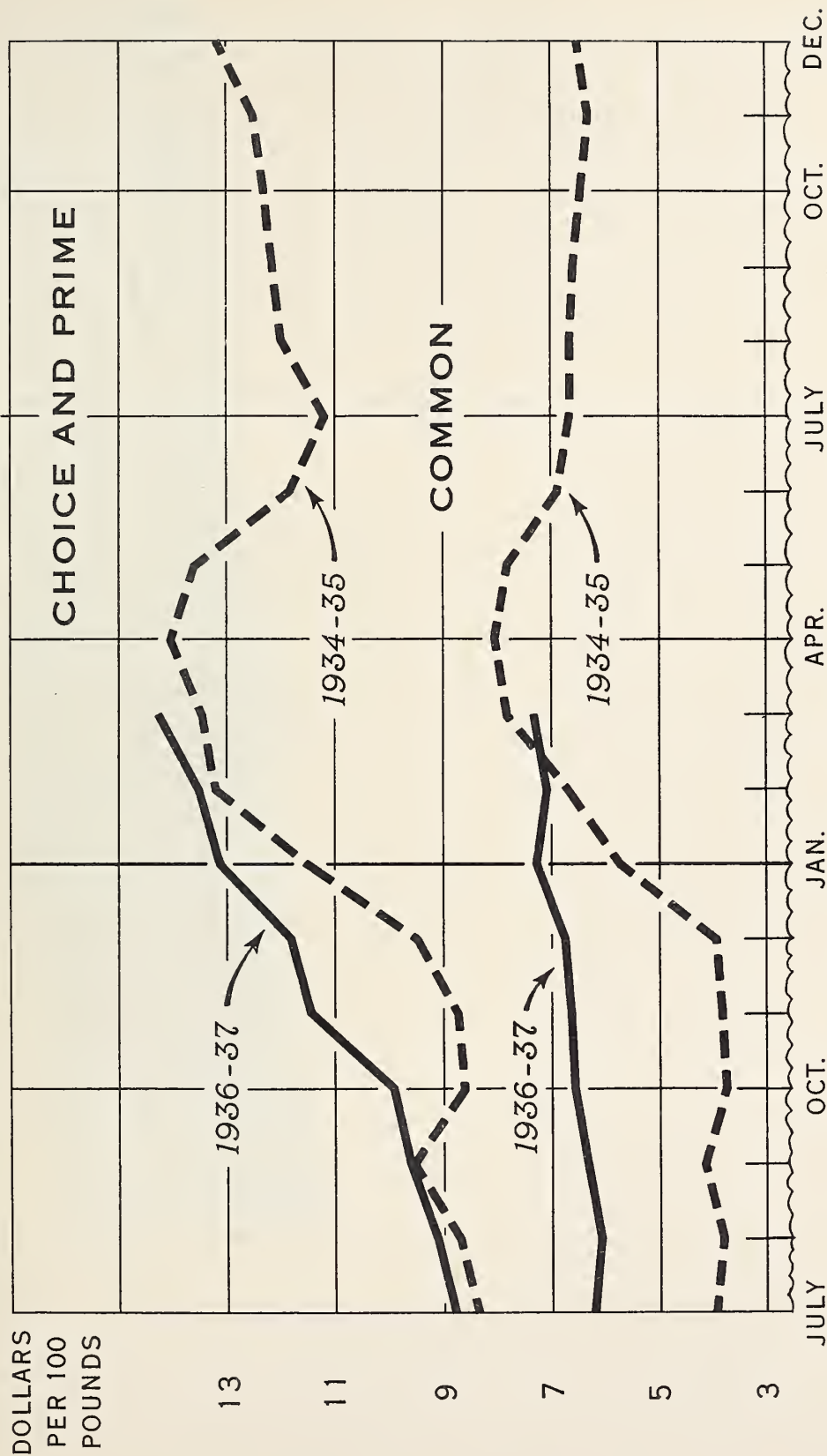
4/ United States Department of Commerce. General imports prior to 1934; beginning January 1, 1934, imports for consumption.

5/ United States Department of Commerce and United States Tariff Commission. Imports for consumption.

6/ Figures include "other canned meats", prior to 1929.



# BEEF STEERS: PRICE AT CHICAGO, JULY 1934 TO DECEMBER 1935, AND JULY 1936 TO DATE\*



\* SOLD OUT OF FIRST HANDS FOR SLAUGHTER

FIGURE 1

